

Organic Updates

U.S./Japan Organic Equivalency Talks Begin

Discussions between USDA and Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) began November 5-9, 2001, in Tokyo. Three topics were addressed during the meetings: approaches to exporting organic products to Japan, the U.S. enforcement program for organic products, and the U.S. permitted materials program. The two parties agreed to continue discussions, in Tokyo, from December 5-7, 2001.

France: A Competitor and Market for U.S. Suppliers

In 2000, organic food sales in France were estimated at \$1 billion and are expected to reach \$2.4 billion by the year 2003. In 1999, the French Ministry of Agriculture budgeted \$16 million to convert farmland to organic production. This program, financed 50/50 by the EU and the French Government, was instituted to stimulate organic agricultural production with the goal of making France the leading European supplier of organic food and products by the year 2010.

The French organic livestock and poultry sectors are at record level production. Other domestic organic products enjoying strong demand are grains, oilseeds and organic proteins, cereals, dairy products, fresh and processed fruits and vegetables, baby foods, and, to a lesser extent, wine. French supermarket chains account for almost half of organic food sales. The remaining half is split among health food stores, direct sales, and open air organic food markets.

French concerns about health and food safety issues are driving demand for organic food products. Current French production cannot meet the demand, especially for vegetables and milk. As a result, French imports of organic food products have risen steadily. French processors are in need of organic ingredients such as exotic fruits, nuts, honey, milk, and grains for animal feed.

Danish Organic Feed Found to Contain Genetically Modified Organisms (GMOs)

Since January 1, 2001, the Danish Plant Directorate under the Ministry of Food, Agriculture and Fisheries has been quietly testing organic feed for GMOs. The Danish authorities interpret the EU organic feed regulations as not allowing GMOs. Therefore, Danish organic feed is required to be entirely organic. However, the results of the most recent test, published August 1, 2001, found organic feed sampled from eight Danish feed companies revealed traces of GMOs.

To emphasize the seriousness of this offense, the Danish Minister of Food, Agriculture and Fisheries fined two firms. The Minister, Ritt Bjerregaard, has written to her European colleagues to encourage

them to intensify their controls. The Netherlands allows up to one percent of GMOs in their organic feed and although Sweden has a zero tolerance level, they do not randomly test organic feeds for GMOs. The Minister wants to change legislation in order to be able to publish the names of the companies, thus forcing them to be more cautious and eager to secure GMO free organic feed. The feed producers, on the other hand, have stopped selling organic feed at fixed prices until a threshold is accepted. The Ministry is now planning another series of random samples for food containing soybeans and corn products.

The representative for the Organic Service Center stated that GMOs are likely to be found in organic soybeans, since they are transported in the same ships that transport conventional beans.

German Organic Markets Boom as a Result of BSE Crisis

The European BSE crisis gave a big push to the demand for organic foods. The German public believes that organic products provide a generally higher level of food safety, is good for consumer health and good for the environment. The current German government supports a program to convert 20 percent of German production area to organic production, a challenging goal. For the consumer, a new national organic seal has recently been launched, which can be applied to both domestic and imported organic foods.

The size of the organic market is estimated at 1.8 billion in 2001, which is about 1.6 percent of the total food market. A longer term average annual increase of ten to fifteen percent is forecast. Growth will appear mainly in fresh products such as fruits and vegetables, dairy products and meats. Since the interest in organic products is growing, Europe-wide, demand for raw materials and processed goods outpace supplies. Traditional food retail chains are also investing in this market segment.

Bearing the Fruit: FAO Study Urges Countries to Develop Organic Market—With Caution

According to a new FAO report titled “World Markets for Organic Fruit and Vegetables,” the organic fruit and vegetable market offers significant potential for countries to increase their export earnings and diversity their agricultural base. “Strong and steady growth in the sales of organic foods have provided these products with a viable and value-added market niche,” said the 312-page report, jointly published by the FAO, the International Trade Centre, and the Technical Centre for Agricultural and Rural Cooperation. The report provides detailed information about the demand in the world’s largest organic markets, analyzes the prospects for further growth and lists contact information for organizations in the organic sector, references, and web pages.